

**OFFICE OF THE MONTANA STATE AUDITOR  
COMMISSIONER OF SECURITIES AND INSURANCE**

IN THE MATTER OF HARTFORD LIFE	)	
INSURANCE COMPANY, and	)	
HARTFORD LIFE AND ACCIDENT	)	CASE NO.: INS-2013-116
INSURANCE COMPANY,	)	
	)	<b>CONSENT AGREEMENT AND</b>
Respondents.	)	<b>FINAL ORDER</b>
	)	
	)	

This Consent Agreement [Agreement] is entered into by the office of the Montana State Auditor, Commissioner of Securities and Insurance [CSI], acting pursuant to the authority of Mont. Code Ann. § 2-4-603, and the Montana Insurance Code, Mont. Code Ann. § Tit. 33 [the Code]; and Respondents Hartford Life Insurance Company and Hartford Life and Accident Insurance Company [collectively Respondents]. The corresponding Final Order [Order] is issued by the authority of the Commissioner of Securities and Insurance, Office of the Montana State Auditor [Commissioner].

**RECITALS**

WHEREAS, the CSI alleges that over a period of years the Respondents did not comply with Montana's requirements relating to Association/non-Employer group coverage, including group policies sitused outside of Montana and affecting Montana insurance consumers, including

that they did not file various forms, and issued group policies to associations/groups that were not filed and/or were not *bona fide* associations/groups in violation of the Code [Noncompliant Coverage];

WHEREAS, the Respondents have fully cooperated with the CSI to resolve these matters, including collaborative remediation of the Noncompliant Coverage, production of documents and information, and entry into a tolling agreement extending the statute of limitation dated July 17, 2015, and further extended by agreement on July 18, 2016, and July 27, 2016; and

WHEREAS, the CSI and the Respondents agree that the parties' best interests would be served by entering into the following specific agreement and undertakings set forth below;

NOW, THEREFORE, the CSI and the Respondents, desiring to fully and finally resolve all matters alleged herein and in consideration of the mutual undertakings established in this Agreement, stipulate and consent as follows:

### **STIPULATIONS AND CONSENTS**

I. Without admitting or denying any of the CSI's allegations, Respondents stipulate and consent to the following:

- A. The CSI has jurisdiction over the subject matter of the above-entitled proceeding.
- B. At the date of this Agreement, the Respondents have satisfactorily remediated the group eligibility issues associated with all of the Noncompliant Coverage.
- C. The Respondents must complete remediation of the remaining Noncompliant Coverage in accordance with Exhibit A, attached hereto and incorporated herein. The Respondents shall complete their remediation tasks so that remedial riders, as described in Exhibit A, are mailed to Montana residents insured under the remaining Noncompliant

Coverage no later than December 31, 2017, as long as the CSI approves by October 1, 2017.

D. Within 30 days from the date of the Order, the Respondents must pay \$50,000 to the CSI.

E. The Respondents acknowledge that their authorized representative signing this Agreement has read and understands its content and effect, and that they enter it voluntarily and without reservation.

II. The CSI and Respondents additionally stipulate and consent as follows:

A. In consideration of the remediation described in under ¶¶ I.A.-D. and the terms and conditions of this Agreement, the CSI, under the authority of the Code and Mont. Code Ann. § 2-4-603, will not initiate any civil, criminal, or administrative action against the Respondents regarding any of the Noncompliant Coverage, any matter related to the Affinion Benefits Group, or any other matter alleged herein.

B. In consideration for the CSI not initiating any civil, criminal, or administrative action, the Respondents fully and forever release and discharge the Office of the State Auditor, the elected State Auditor, and all employees and contractors of the State Auditor's Office from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the above-entitled administrative matters.

C. Neither this Agreement nor any provision of it may be amended or modified, or considered amended or modified, except by a subsequent agreement in writing subscribed and acknowledged with the same formality as this Agreement.

D. This Agreement constitutes the entire agreement between the parties, there being

no other promises or agreements, either express or implied.

E. Upon the signing of the Order by the Commissioner or her representative, this Agreement and Order will be an order of the Commissioner and willful failure to comply with it may constitute separate violations of the Montana Insurance Code, pursuant to Mont. Code Ann. § 33-1-318 or other applicable statutes or rules, and may result in subsequent legal action by the CSI.

F. This Agreement and Order are public records under Montana law and may not be sealed or otherwise withheld from the public.

G. Upon all parties signing, the Agreement shall be incorporated into and made a part of the attached Order to be issued by the Commissioner. The Agreement shall be effective upon the date on which the Commissioner signs the Order.

DATED this 14<sup>th</sup> day of October, 2016.

OFFICE OF THE MONTANA STATE AUDITOR  
COMMISSIONER OF SECURITIES AND INSURANCE

By: 

JESSE LASLOVICH, ESQ.  
Chief Counsel

DATED this 14<sup>th</sup> day of October, 2016.

HARTFORD LIFE INSURANCE COMPANY and  
HARTFORD LIFE AND ACCIDENT INSURANCE  
COMPANY

By: 

JACQUELINE T. LENMARK, ESQ.  
Local Counsel

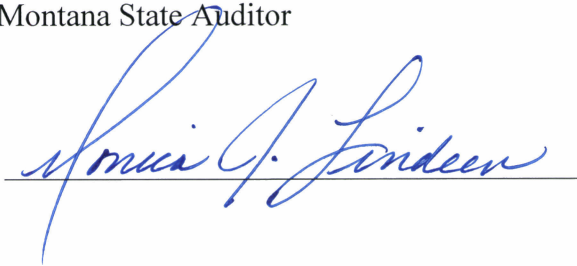
**FINAL ORDER**

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603 and § 33-1-101 *et seq.*,  
and upon review of the foregoing Consent Agreement, and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the CSI and  
The Hartford Life Insurance Company and The Hartford Life and Accident Insurance Company  
is adopted as if set forth fully herein.

DATED this 14<sup>th</sup> day of October, 2016.

**MONICA J. LINDEEN**  
Commissioner of Securities and Insurance  
Montana State Auditor



## Exhibit A

### **Remediation of Remaining Noncompliant Coverage**

The Respondents must create an amendatory rider reflecting Montana requirements for coverage of Montana residents under the remaining in force Noncompliant Coverage for each of the following lines of business:

Accidental Death and Dismemberment (ADD)  
Disability Income  
Hospital Indemnity  
Hospital Indemnity with Short Term Recovery

A rider for each line will be created based on a review of the 6 certificates issued to the greatest number of Montana insureds (the Top 6 Certificates). The Respondents shall provide the CSI with the form numbers of all of the certificates that have been issued but not approved that accompany the rider.

Pursuant to the Agreement, once created and approved by the CSI, the rider must be mailed to all known Montana residents then insured under the ADD, Disability Income, Hospital Indemnity and Hospital Indemnity with Short Term Recovery lines associated with the remaining Noncompliant Coverage. The Respondents created a similar amendatory rider for their Life coverage which was approved by the CSI on October 11, 2013, May 30, 2014 and November 13, 2014, and the rider has been mailed to all known Montana residents insured under the Life Noncompliant Coverage. No rider is required for the TRICARE Supplement product.

The process for securing the CSI's approval for the amendatory rider for each line of business listed above is as follows:

1. The Respondents must request certificate materials from Respondents/TPA files for the Top 6 Certificates by line.
2. The Respondents must assess each of the Top 6 Certificates for compliance with the Code.
3. The Respondents must create an amendatory rider addressing the identified variances with the Code across the Top 6 Certificates.
4. The Respondents must submit the rider for CSI approval and the Top 6 Certificates per line as supporting information in SERFF (one filing per line).
5. The Respondents must update the rider based on changes negotiated with the CSI to secure approval from the CSI.
6. The Respondents must mail the rider to all known Montana certificate holders for each covered line as described above.
7. The Respondents must provide notice with the mailed rider to the insured of the effect of the rider and a telephone number at which the insured could obtain answers to questions about the rider. The Respondents must secure the approval of the notice by the CSI prior to mailing the notice.
8. The Respondents must provide a copy of the rider and underlying certificates for the remedial rider to the insured or to the CSI's Policyholder Services Bureau upon request.